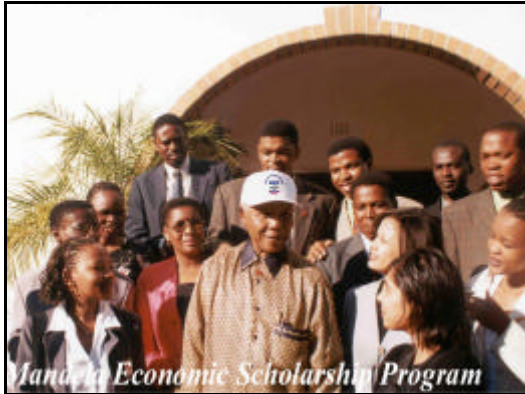




Economic Development

United States Embassy in South Africa

AMERICA INVESTS IN SOUTH AFRICA



BACKGROUND

South Africa has a diversified market-oriented economy that encompasses mining, agriculture, and manufacturing. It has one of the strongest economies on the African continent. Nonetheless, there are significant problems to be overcome. Unemployment stands at 30% and about 60% of black South Africans are living in poverty. Apartheid left a legacy of poor housing and basic services, inadequate education and skills, vast income disparities, lack of economic planning and policy development, and difficult labor management relations. A high crime rate deters investment and encourages brain drain.

The American government and private sector provide substantial assistance to South Africa to transform its economy by addressing some of these problems. The U.S. Embassy's goal is to promote economic growth and job creation in South Africa; to improve the capacity of key government and NGO entities to formulate, evaluate, and implement economic policies; to strengthen education systems; and to encourage public-private partnerships to provide municipal services. Our efforts are especially focused on helping historically disadvantaged people.

WHAT IS THE U.S. MISSION DOING?

- Helping small, medium and micro enterprises (SMMEs) by providing over \$40 million in loans and equity financing to expand their businesses.
- Increasing opportunities for long-term employment by promoting small scale agribusiness in rural areas and non-agricultural SMMEs in urban areas.
- Under the Fulbright program, giving grants to 30 South African students and scholars to go to the U.S. each year for degree programs or for research. Bringing a similar number of American students and scholars to South Africa.
- Providing post-graduate scholarships in economic fields and strengthening economics programs at SA universities.
- Linking 17 historically disadvantaged South African universities with U.S. institutions to provide staff training and improved management and planning.
- Giving technical assistance, short-term training and research funding to the Departments of Treasury, Labor, Trade and Investment, and Agriculture for economic analysis.
- Contributing to improved economic policy in areas such as tax reform, fiscal decentralization, privatization, outsourcing, and employment equity.
- Cooperating with financial institutions to provide housing and infrastructure financing for shelter, water and solid waste services.



WHAT HAS HAPPENED?

- The U.S. Agency for International Development (USAID) has invested \$120 million in private sector development in South Africa since 1987. Agreements were signed to assist SMMEs in R&D and marketing and in transferring technology from the U.S.
- Micro-credit programs that USAID supports generated more than 25,000 jobs.
- SMMEs accessed over \$40 million in loans and equity financing since 1997, \$27 million of which came from leveraging loans from six South African banks.
- More poor people have access to savings, loan, fund transfer and investment services due to village banking and financial services cooperatives in rural areas.
- U.S. universities and foundations have major education programs to strengthen curriculum, train staff and students, and improve libraries.
- Different U.S. government (USAID, Peace Corps) and private entities are assisting in programs to improve education management and teaching, especially in math and science.
- 72 economists trained in the U.S. under the Mandela Economic Scholarship Program will work in the SA government. Over 1,200 people received short-term economics training. 50 historically disadvantaged South Africans receive local scholarships each year.
- Global Technology Network puts South African companies with technology needs in touch with small and medium sized American companies.
- Takalane Sesame Street program prepares pre-schoolers for reading, math and writing, showing how media can be used for education.



WHAT'S NEXT?

- Continue to increase opportunities for sustainable employment by supporting targeted Sector Education and Training Authorities programs needed by public and private employers.
- Work with South African educational organizations to upgrade math, science and technology curricula to meet international standards at 17 historically disadvantaged institutions.
- Continue to provide long-term debt and/or equity financing to promising SMMEs under the \$50 million Enterprise Fund.
- Facilitate linkages between SMMEs and larger South African and U.S. businesses to support job creation and efforts to increase incomes.
- U.S. Department of Justice and the Federal Trade Commission will provide technical assistance to the South African Competition Commission.
- A U.S. Treasury advisor will assist the South African Treasury and Revenue Service to develop and implement tax and inter-governmental fiscal policies.
- Work together with the American Chamber of Commerce on activities related to Black Economic Empowerment.



USEFUL WEBSITES

Economic Issues

<http://usinfo.state.gov/topical/econ>

USAID

<http://www.sn.apc.org/usaidsa/>

Africa Grantmakers Affinity Group

<http://www.africagrntmakers.org/>

U.S. Peace Corps

<http://www.usembassy.state.gov/southafrica/wwwhpc1.html>